

Message Text

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ACTION EUR-25

INFO OCT-01 ADP-00 SS-15 NSC-10 CIAE-00 PM-07 INR-10 L-03

NEA-10 NSAE-00 PA-03 RSC-01 PRS-01 GAC-01 USIA-12

TRSE-00 MBFR-03 SAJ-01 OMB-01 ACDA-19 RSR-01 /124 W

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R 291915 Z MAY 73

FM USMISSION NATO

TO SECSTATE WASHDC 305

SECDEF WASHDC

INFO AMEMBASSY LONDON

USCINCEUR

USLOSACLANT

USNME SHAPE

C O N F I D E N T I A L USNATO 2640

E. O. 11652: GDS

TAGS: MCAP, UK, NATO

SUBJECT: FUTURE U. K. DEFENSE EXPENDITURES

FOLLOWING TEXT OF LETTER ON FUTURE UK DEFENSE EXPENDITURES
WAS SENT TO DEPUTY SECRETARY GENERAL PANSO BY UK PERM REP
PECK ON MAY 21. COPY OF LETTER WAS ALSO SENT TO NAC
COLLEAGUES. QUOTE:

1. THE CHANCELLOR OF THE EXCHEQUER IS ANNOUNCING IN THE
HOUSE OF COMMONS THIS AFTERNOON CERTAIN REDUCTIONS IN
PUBLIC EXPENDITURE IN THE FINANCIAL YEAR 1974/5. THE
INTENTION BEHIND THESE REDUCTIONS IS TO MODERATE THE
GROWTH OF PUBLIC SECTOR DEMAND SO AS TO RELEASE RESOURCES
IN 1974/5 FOR THE CONTINUING GROWTH OF INVESTMENT IN
EXPORTS. THE TOTAL REDUCTION IS EXPECTED TO AMOUNT TO
AROUND L500 M.

2. OF THIS TOTAL THE MINISTRY OF DEFENCE IS TO FIND
THE RELATIVELY MODEST SHARE OF L50 M. (AT 1972 PRICES).
THIS IS, MOREOVER, IN THE CONTEXT OF A CURRENT DEFENCE
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BUDGET OF L3365 M (L3015 M AT 1972 PRICES) WHICH ITSELF
REPRESENTED A 5.6 PER CENT INCREASE IN REAL TERMS OVER
THE 1972/73 LEVEL. WE DO NOT EXPECT THAT ACTUAL 1974/5
EXPENDITURE WILL BE VERY DIFFERENT FROM THE LEVEL IN

1973/4.

3. EXACTLY HOW THE SAVINGS WILL BE ACCOMMODATED IN THE
DEFENCE PROGRAMME HAS YET TO BE SETTLED FINALLY.
HOWEVER, I CAN SAY THAT OUR CONTRIBUTION TO NATO WILL
NOT BE PREJUDICED. A SUBSTANTIAL PROPORTION OF THE
REQUIRED SAVINGS WILL COME FROM THE DEFERMENT OF WORKS
PROGRAMMES WHICH WILL RELIEVE PRESSURES ON THE
CONSTRUCTION INDUSTRY. THERE WILL BE SOME IMPACT ON
EQUIPMENT PROGRAMMES, BUT THIS WILL BE KEPT TO THE
MINIMUM AND WILL LARGELY INVOLVE DEFERMENTS RATHER THAN
CANCELLATIONS. IT IS UNLIKELY THAT ANY COLLABORATIVE
PROJECTS WILL BE AFFECTED. END QUOTE. RUMSFELD

CONFIDENTIAL

NMAFVVZCZ

<< END OF DOCUMENT >>

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30 JUN 2005

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